



STATE OF CONNECTICUT OFFICE OF GOVERNMENTAL ACCOUNTABILITY

State Contracting Standards Board

Minutes

**Friday, September 12, 2014 Meeting of the State Contracting Standards Board
Conference Room, 999 Asylum Ave., Hartford, CT**

Members Present:

Claudia Baio, Chair
Thomas Ahneman
Charles W. Casella, Jr.
Stuart Mahler
Jean Morningstar
Robert Rinker
Brenda Sisco
Roy Steiner

David L. Guay, Executive Director - ex-officio
Julia K. Lentini Marquis, Chief Procurement Officer

[Call to order](#)

Meeting called to order by Chair, Claudia Baio at 10:03 A.M.

[Approve the Minutes of the August 8, 2014 Meeting](#)

Chair Baio entertained a motion to approve the draft August 8, 2014 Board meeting minutes.

Motion made by Robert Rinker and seconded by Stuart Mahler to approve the minutes of the August 8, 2014 Board meeting. All voted in favor, the minutes of the August 8, 2014 meeting of the State Contracting Standards Board were approved.

[Comments on the Cost-Benefit Analysis Templates and Manual produced by the Office of Policy and Management per C.G.S. Section 4e-16 \(m\)](#)

Chair Baio entertained comments from the Board on the effort by Robert Dakers, Executive Finance Officer for the Office of Policy and Management on his Cost-Benefit Analysis template and Privatization Contracts Policies and Procedures Manual for the cost-benefit analysis required by State agencies seeking to let privatization contracts. Julia Marquis, Chief Procurement Officer, indicated that she had emailed her comments directly to Mr. Dakers. Board member Charles Casella indicated that he had comments and would like to go over both the template and

the manual section by section with Mr. Dakers. By consensus the Board decided to invite Mr. Dakers to the October 10, 2014 meeting to fully go over the template and manual in a walk through.

Introduction of Shelby Brown, Executive Administrator for the Office of Governmental Accountability

Chair Baio introduced Shelby Brown, the Executive Administrator for the Office of Governmental Accountability (OGA). The SCSB is a division of the OGA. Ms. Brown discussed with the Board the history, mission, organization, and strategic objectives of the OGA. She emphasized symbiosis, synergy, collaboration and dynamism and that the OGA and the SCSB are partners in achieving the Board's mission. Ms. Brown concluded by stating that by working together we can streamline operations and achieve the kind of cost-savings and efficiencies that make a difference.

Budget Primer - by Gloria Davis-Delancy, Chief Fiscal Officer, Office of Governmental Accountability

Chair Baio introduced Gloria Davis-Delancy, Chief Fiscal Officer of the OGA to provide the Board with a general budget process primer and to discuss the Board's submissions for FY16-17. Ms. Davis-Delancy walked the Board through the general budget process and the specific process for FY16-17 and answered questions from Board members.

FY16-17 Budget Options

Chair Baio opened discussion on a proposal for budget reduction options as requested by the Office of Policy and Management "OPM." Chair Baio turned to David Guay, Executive Director to review the staff proposals and then asked for a motion on the proposal.

Motion made by Stuart Mahler and seconded by Brenda Sisco to propose, in response to OPM's FY16/17 Reduction Options request, a 3% (\$2000.00) reduction in Other Expenses.

- FY 16 & 17 Eliminate stand-alone telephone system and return to piggybacking off the Office of the Child Advocate system or participate in the possible agency wide telephone system planned by the OGA.
 - Estimated savings of \$1000.00 per fiscal year.
- FY 16 & 17 Reduce Office supplies by \$1000.00 per fiscal year.

All voted in favor of the motion.

Chair Baio opened discussion on the staff proposed budget Expansion Options as requested by the Office of Policy and Management "OPM". Chair Baio turned to David Guay, Executive Director to review the staff proposals and then asked for a motion.

Motion made by Jean Morningstar and seconded by Thomas Ahneman to propose two budget expansion items as suggested by staff.

Central Data Repository FY16 & 17

In FY '16 the SCSB will procure and select (or utilize an existent contract through DAS) an IT consultant and developer to modify an existent central data repository, or develop a new one, for use by the APOs as a reporting mechanism to the Board. It will provide the capability for the state contracting agencies to put forth project management plans and develop annual reports as required at Conn. Gen. Stat. 4e-5 (a) (2), as well as track, screen and evaluate current contractors. In out years, additional dollars will be needed for maintenance and possibly for a PT database administrator.

Projected cost: \$100,000.

Auditors FY16 & 17

In FY '16, SCSB will hire an Associate Accounts Examiner to assist in the development of regulations and audits in accordance with Conn. Gen. Stat. 4e-6. In FY '17, the SCSB would seek to hire two Accounts Examiner to assist in the auditing of the state contracting agencies.

Projected budget option FY '16: \$75,000 to \$95,000.

Projected budget option FY '17: \$130,000 to \$167,000.

Voting yea in favor of the two budget expansion items suggested by staff:

Claudia Baio, Chair
Thomas Ahneman
Stuart Mahler
Jean Morningstar
Robert Rinker
Brenda Sisco
Roy Steiner

Voting nay:

Charles W. Casella, Jr.

With no abstentions, the motion passes seven yea with one nay to propose to OPM two budget expansion items as suggested by staff.

Ethics Education and Reporting

At the request of Jean Morningstar, Executive Director David Guay provided the Board with a memo reminding members that the Board last had annual ethics training on November 25, 2013 and that members need to complete it again before November 25, 2014. Ethics training for Board members and staff is an annual requirement. Executive Director Guay provided the web link to the online training course to complete in order to meet the annual training requirement. A copy of the latest Ethics guide was also provided. The Board also discussed the annual requirement to file a Statement of Financial Interest with the Office of State Ethics in April of each year.

Auditors' Report University of Connecticut for the Fiscal Years Ended June 30, 2010 and 2011

- Financial System Selection Process

- *Background:* University management determined that the UConn legacy financial system had reached the end of its useful life. Management decided that it should be replaced with a higher education specific application that would offer improved workflow, eliminate paper-based processing and provide better internal control. A new financial system based on Quali Financial System software was deployed effective July 1, 2012. As of June 30, 2013, \$10,115,520 in Quali development costs had been capitalized.
- *Criteria:* Major software acquisitions should be subject to a formal selection process. All those whose work will be affected by the new technology should have representation in the process. Available alternatives should be comprehensively reviewed. The selection process, and the basis for the selection made, should be thoroughly documented.

Condition: We planned to review documentation of the financial system selection process to verify that UConn conducted a thorough review of available alternatives and provided a reasonable basis for the selection made.

We were unable to carry out our planned procedures, as UConn did not adequately document the selection process. The documentation that we were provided with appeared to have been created after the choice had been made and was focused on explaining the advantages of the chosen system to the university community.

We could not find any indication of a feature-by-feature comparison of competing products or any evidence that any systems other than PeopleSoft or Banner were considered.

The selection process appeared to have been driven solely by the UConn core financial management and staff. After Quali was selected, there was significant effort to educate other stakeholders as to its advantages vis-à-vis the university's existing financial system and obtain their buy-in to the decision. However, we found no evidence of significant input from the broader university community in the initial selection of Quali over other competing accounting systems.

- *Effect:* More advantageous alternatives may have been overlooked.
- *Cause:* It is unclear why UConn did not issue a request for proposal and conduct a formal, well documented, selection process.
- *Recommendation:* The University of Connecticut should conduct a formal, well documented, selection process for all major acquisitions. Every functional area that will be significantly affected should have adequate representation and input into the process. (See Recommendation 7.)

- Financial System Implementation Process

- *Criteria:* To reduce risk, projects should be subjected to a comprehensive risk assessment and mitigation process, and a detailed control framework should be developed.
- *Condition:* UConn executed a fixed-price contract with a consulting firm to assist in the implementation process. However, it does not appear that the university verified the firm had sufficient financial resources to fulfill their contractual commitments if material cost overruns were experienced and/or required a performance bond.

The contract with the consulting firm was submitted to the board of trustees for approval. Subsequently, a presentation describing the project was made to the board. However, it does not appear that the board ever approved the project, per se. A project of this magnitude should not have been initiated without board approval.

UConn licensed SciQuest purchasing software effective December 31, 2009. Annual license fees paid were \$331,500, \$305,660 and \$265,235 in the first three years of the contract period. Though significant licensing costs were incurred, the university did not make use of this software until Quali Financial System software was deployed effective July 1, 2012. This software should not have been licensed before the university was ready to make use of it.

The UConn internal audit unit found that a detailed contingency plan specifying the actions to be taken in the event the implementation failed had not been prepared. It appears that the university intended to revert to the previous financial system if necessary, but had not established decision points that would trigger this action nor documented how it would be carried out.

The internal audit unit also found that “the Quali project leadership utilized a hands-on approach in the management of the KFS project which successfully mitigated weaknesses associated with a lack of an adequate control framework.”

- *Effect:* The successful implementation of the new financial system is a tribute to the efforts of the Quali implementation team. However, UConn incurred risks that could have been avoided with a more deliberate approach that combined a more comprehensive risk assessment and mitigation process with the development of a more detailed control framework.
- *Cause:* A comparable effort to implement a human resources system was abandoned 2011-2012 fiscal year, after significant delays and large cost overruns were experienced. Taking this into consideration, the Quali

implementation team prioritized deployment of the new financial system within the planned timeframe.

- *Recommendation:* The University of Connecticut should develop a structured methodology for major software implementation projects. All projects should be approved by the board of trustees before they are initiated. (See Recommendation 8.)

Chair Baio initiated discussion on the Auditors' Report on the University of Connecticut for the Fiscal years 2010 and 2011 and the two findings concerning the financial system selection process and the financial system implementation process. The issue was also raised to staff by Board member Charles Casella in a newspaper article he forwarded.

Chief Procurement Officer Julia Marquis provided a synopsis of the Auditor's findings. Chair Baio asked Ms. Marquis to share her initial response to Mr. Casella. She indicated that the matter would not have come before the Board for privatization as the matter occurred before the Board was reconstituted and functional and the Board did not receive a contested award complaint. Thus, the matter does not fall under C.G.S 4e-16 or 4e-36, but the Board does have broad authority to act under 4e-4f to assist State Agencies to comply with statutory requirements.

Motion made by Jean Morningstar and second by Roy Steiner to send a letter from the Board to the University of Connecticut, under the Board's authority in 4e-4f C.G.S., reminding them of their contracting responsibilities. All voted in favor to send a letter to the University of Connecticut.

[Executive Session per C.G.S. §§ 1-231 and 1-200\(6\) Discussion concerning the employment, performance, and evaluation of the Executive Director and Chief Procurement Officer](#)

Motion made by Brenda Sisco and seconded by Jean Morningstar to move into Executive Session per C.G.S §§ 1-231 and 1-200(6) to discuss the employment, performance, and evaluation of the Executive Director and Chief Procurement Officer and also inviting Julia K. Lentini Marquis to join the Board in executive session. All voted in favor.

Discussion on the employment, performance and evaluation of the Executive Director and Chief Procurement Officer. No votes were taken.

Motion made by Jean Morningstar and seconded by Thomas Ahneman to move back into public session. All voted in favor.

[Other Business](#)

No other business was raised by the Board.

Adjournment

Motion made by Robert Rinker and seconded by Roy Steiner to adjourn. All voted in favor and the meeting was adjourned at 12:05 P.M.

Respectfully submitted: David L. Guay